Maryland Health Services Cost Review Commission

New All-Payer Model for Maryland
Work group Kick-Off Meeting
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Current Payment Methodologies
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Health Services Cost Review Commission

Current Payment Constraints

- **Charge Per Case (CPC)**
  - But hospital held to per case (DRG) budget for all patients
  - Same incentives as Medicare per case payment system
- **Total Patient Revenue (TPR)**
  - All inpatient and outpatient admissions
  - Applied to 10 hospitals (mostly rural) in FY 2011
- **Admission Readmission Revenue (ARR)**
  - Same hospital all-cause 30 day readmissions
  - Began in FY 2012, applied to 31 hospitals
- **Global Budget Revenue (GBR)**
  - Similar to TPR with some modifications for population
  - Negotiations are underway for the transitional period

Total Patient Revenue (TPR)

- Voluntary three-year rate arrangements
- Establishes fixed global revenue levels for hospitals for all inpatient and outpatient revenues regardless of volume
- Revenues subject to adjustments for quality and performance standards
- Hospitals invest and develop approaches to improve population health, coordinate care, and reduce hospital utilization
- Savings from improved performance are retained by the hospital
- Provides strong incentives for care coordination and ensuring that care is provided in less expensive and more appropriate settings
- Requires the hospital to work collaboratively with community providers
- Ten hospitals began operating under this structure in FY 2011, mostly in isolated rural facilities with defined catchment areas

Admission/Readmission Revenue (ARR)

- A hospital revenue constraint based on 30 day episodes of care
- Limits the institutional bundle to a per episode payment constraint to include admissions and readmissions within 30 days of discharge to the same hospital
- Hospitals are at risk for all-cause readmissions within a 30-day window under a voluntary arrangement with the HSCRC
- Currently, 31 hospitals participate in ARR

Maryland Quality-Based Payment Initiatives

QBR
(Quality Based Reimbursement)

- Clinical Process of Care Measures
- Patient Experience of Care (HCAHPS)
- Mortality

MHAC
(Maryland Hospital-Acquired Conditions)

- 65 Potentially Preventable Complications

ARR
(Admission-Readmission Revenue)

- Admission-Readmission episode bundles
- 30-Day All Cause Readmissions

Quality Based Reimbursement Initiative (QBR)

- Work group on Pay for Performance Methodology started in 2005, implemented in FY 2009
- Measurement Domains for FY 2016 Rate Adjustments
  - **Clinical Care Process Measures (30%)**: heart attack, heart failure, pneumonia, surgical care improvement program
  - **Patient Experience of Care (40%)** – Patient Surveys about satisfaction and communication
  - **Outcomes (30%)–** Mortality, Central Line Blood Stream Infections, Patient Safety Indicators

Maryland Hospital Acquired Conditions Initiative

- Implemented in July 2009
- Relies on Present on Admission Indicators (POA) for secondary diagnosis
- PPCs are defined as harmful events (accidental laceration during a procedure) or negative outcomes (hospital acquired pneumonia) that may result from the process of care and treatment rather than from a natural progression of underlying disease
- Revenue neutral adjustment of revenues based on attainment and improvement of excess PPC costs

HSCRC Progressively Increased the Revenue at Risk

State Fiscal Year	MHACs	QBR
FY 11	0.5%	0.5%
FY 12	1%	0.5%
FY 13	2%	0.5%
FY 14	2%	0.5%
FY15	2% +1 % (improvement)	0.5%
FY16	2% +1%	1%

Readmission Shared Savings

- Implemented in FY 2014
- Reduction of total revenue by 0.2% based on fix amount reduction in case-mix adjusted hospital specific readmission rates
- Planned readmissions are excluded
- Included readmissions to the same hospital